

**REPORT OF THE AUDIT OF THE
BOYLE COUNTY
CLERK**

**For The Year Ended
December 31, 2002**



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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Tony Wilder, Boyle County Judge/Executive
Honorable Denise B. Curtsinger, Boyle County Clerk
Members of the Boyle County Fiscal Court

The enclosed report prepared by Carpenter, Mountjoy & Bressler, PSC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the County Clerk of Boyle County, Kentucky, for the year ended December 31, 2002.

We engaged Carpenter, Mountjoy & Bressler, PSC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Carpenter, Mountjoy & Bressler, PSC, evaluated the Boyle County Clerk's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett".

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure



EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE BOYLE COUNTY CLERK

**For The Year Ended
December 31, 2002**

Carpenter, Mountjoy & Bressler, PSC, has completed the Boyle County Clerk's audit for the year ended December 31, 2002. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Excess fees increased by \$27,303 from the prior calendar year, resulting in excess fees of \$214,829 as of December 31, 2002. Revenues decreased by \$13,159 from the prior year and disbursements decreased by \$43,244.

Deposits:

The Clerk's deposits were insured and collateralized by bank securities or bonds.

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Carpenter, Mountjoy & Bressler

Certified Public Accountants and Consultants

To the People of Kentucky

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Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Boyle County, Kentucky, for the year ended December 31, 2002. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

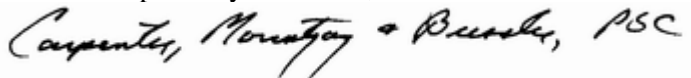
As described in Note 1, the County Clerk's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 2002, in conformity with the modified cash basis of accounting.

To the People of Kentucky
Honorable Paul E. Patton, Governor
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In accordance with Government Auditing Standards, we have also issued our report dated July 29, 2003, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink that reads "Carpenter, Mountjoy & Bressler, PSC". The signature is written in a cursive, flowing style.

Carpenter, Mountjoy & Bressler PSC

Audit fieldwork completed -
July 29, 2003

BOYLE COUNTY
DENISE B. CURTSINGER, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

For The Year Ended December 31, 2002

Receipts

Libraries and Archives Grant		\$	3,530
State Grants			10,944
Fiscal Court			5,878
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	619,785	
Usage Tax		3,295,628	
Tangible Personal Property Tax		1,653,456	
Licenses-			
Fish and Game		6,102	
Marriage		8,211	
Petitions		2,930	
Deed Transfer Tax		82,730	
Delinquent Tax		126,914	5,795,756
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts	\$	15,807	
Real Estate Mortgages		53,725	
Chattel Mortgages and Financing Statements		64,216	
Powers of Attorney		2,590	
All Other Recordings		36,327	
Charges for Other Services-			
Copywork		9,593	
Postage		1,556	183,814
Other:			
Returned Checks			50,171
Interest Earned			4,728
Total Receipts		\$	6,054,821

The accompanying notes are an integral part of this financial statement.

BOYLE COUNTY
DENISE B. CURTSINGER, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
For The Year Ended December 31, 2002
(Continued)

Disbursements

Libraries and Archives Grant		\$	3,530
Payments to State:			
Motor Vehicle-			
Licenses and Transfers	\$	455,093	
Usage Tax		3,191,195	
Tangible Personal Property Tax		629,936	
Licenses, Taxes, and Fees-			
Fish and Game		5,664	
Petitions		1,410	
Delinquent Tax		18,418	
Legal Process Tax		22,147	4,323,863
Payments to Fiscal Court:			
Tangible Personal Property Tax	\$	87,170	
Delinquent Tax		7,821	
Deed Transfer Tax		78,485	173,476
Payments to Other Districts:			
Tangible Personal Property Tax	\$	869,361	
Delinquent Tax		70,502	939,863
Payments to Sheriff			1,119
Payments to County Attorney			18,327
Operating Disbursements and Capital Outlay:			
Personnel Services-			
Deputies' Salaries	\$	201,403	
Part-Time Salaries		2,511	
Contracted Services-			
Advertising		171	
Printing and Binding		7,599	
Software		14,744	
Materials and Supplies-			
Office Supplies		14,828	
Miscellaneous		3,064	

The accompanying notes are an integral part of this financial statement.

BOYLE COUNTY
 DENISE B. CURTSINGER, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 For The Year Ended December 31, 2002
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay (Continued):

Other Charges-		
Conventions and Travel	\$	79
Dues		1,900
Postage		5,180
Refunds		55,737
Return Checks		836
Capital Outlay-		
Office Equipment		1,456
		<u>\$ 309,508</u>
Total Disbursements		<u>\$ 5,769,686</u>
Net Receipts		\$ 285,135
Less: Statutory Maximum		<u>66,706</u>
Excess Fees		\$ 218,429
Less: Expense Allowance		<u>3,600</u>
Excess Fees Due County for 2002		\$ 214,829
Payments to County Treasurer - March 10, 2003		<u>214,829</u>
Balance Due at Completion of Audit		<u><u>\$ 0</u></u>

The accompanying notes are an integral part of this financial statement.

BOYLE COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2002

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2002.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent for the first six months and 6.34 percent for the last six months of the year.

BOYLE COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2002
 (Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintains deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, and (b) an official record of the depository institution. These requirements have been met, and as of December 31, 2002, the County Clerk's deposits are fully insured or collateralized at a 100% level with collateral of pledged securities held by the County Clerk's agent in the County Clerk's name.

Note 4. Grant

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$3,530. All funds were expended during 2002.

Note 5. Leases

The Clerk's office is committed to the following lease agreements as of December 31, 2002:

Item Purchased	Monthly Payment	Term Of Agreement	Ending Date	Principal Balance December 31, 2002
Software Management	\$ 425	48 months	12/17/2003	\$ 5,100
Pitney Bowes Corporation	\$ 405	20 months	4/30/2003	\$ 1,620

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



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Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the Boyle County Clerk for the year ended December 31, 2002, and have issued our report thereon dated July 29, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Boyle County Clerk's financial statement for the year ended December 31, 2002, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

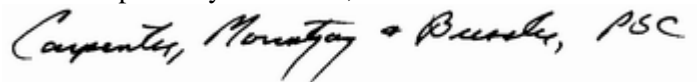
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Boyle County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink that reads "Carpenter, Mountjoy & Bressler, PSC". The signature is written in a cursive, flowing style.

Carpenter, Mountjoy & Bressler PSC

Audit fieldwork completed -
July 29, 2003

